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June 21, 2006

The Honorable Richard W. Pombo
Chairman
Committee on Resources
United States House of Representatives

Dear Chairman Pombo:

Louisiana strongly supports the passage of H.R. 4761, the Domestic Energy Production through Offshore Exploration and Equitable Treatment of State Holdings Act of 2006. As stated in my letter with Governors Perry, Barbour and Riley, I am very encouraged that your Committee is considering this critical legislation.

As you know, coastal Louisiana supports the largest share of onshore infrastructure and services for oil and gas production on the Outer Continental Shelf in the Gulf of Mexico. Our state has proudly hosted this industry for decades and realizes the significance that it has to our national energy security. However, the rapid land loss along our coast has placed our people, communities, environment, and the very infrastructure that supports offshore oil and gas in the Gulf of Mexico in great peril.

Last fall, the Louisiana legislature unanimously adopted a resolution to amend the State's constitution to dedicate any Federal OCS revenues solely to the purposes of coastal protection and restoration.

I am very concerned with the letter you received today from MMS Director Johnnie Burton regarding HR 4761. In her letter, she indicates that certain aspects of the legislation would result in a decline of retained Federal royalties over 15 years and that this would have a significant impact on the Federal debt. I take serious issue with the accuracy of these numbers. Aside from other unforeseen interruptions of these revenues, like the intensifying hurricanes that enter the Gulf each year, I have taken action to block Lease Sale 200 in the central Gulf of Mexico and have publicly committed to continue to block future lease sales until the Federal government makes a serious commitment to re-invest in the coast of Louisiana. The real drain on the Federal treasury will come if the nation fails to reinvest in our domestic energy supply and the coastal states that make that production possible.

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Also, I must take exception to the term retained Federal royalties in the Director's letter. That description, not codified in federal law, undermines the respected partnership that must be maintained between producing states and our Federal partner.

I encourage you to resist these misguided arguments and lead the nation to a smarter policy. We should dedicate a share of OCS revenues to coastal producing states for the same reason that mineral revenues are shared with states that support onshore production on federal lands: to protect and reinvest in our natural resources and national energy assets. If we don't act now, we will lose these assets and compromise our economy and national security.

Sincerely,

A handwritten signature in dark ink, reading "Kathleen Babineaux Blanco". The signature is fluid and cursive, with the first name "Kathleen" being the most prominent.

Kathleen Babineaux Blanco
Governor